

AGENDA ITEM IV A

**REQUEST FOR CONTINUED APPROVAL OF A
RESEARCH CENTER**

**LOUISIANA STATE UNIVERSITY AGRICULTURAL CENTER
CENTER FOR NATURAL RESOURCE ECONOMICS AND POLICY**

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LOUISIANA STATE UNIVERSITY AGRICULTURAL CENTER CENTER FOR NATURAL RESOURCE ECONOMICS AND POLICY

BACKGROUND INFORMATION

At its meeting of January 21, 2004, the Board of Regents decided:

Conditional approval is granted for the Center for Natural Resource Economics and Policy for one year, effective July 1, 2004. As required by Board of Regents Academic Affairs Guidelines: Proposed New Centers, Institutes, and Other Academic/Research Units, Louisiana State University Agricultural Center shall submit to the Commissioner of Higher Education a proposal for full approval of the Center by June 30, 2005. If this proposal is not forthcoming by this date, the Board of Regents shall re-examine the need this center.

The LSU AgCenter is now requesting full, five-year approval for the Center.

STAFF ANALYSIS

1. Description

The primary objective of The Center for Natural Resource Economics and Policy (CNREP) is to foster the interaction of economic, social, and policy professionals so as to better address economic and environmental problems in Louisiana and the nation. Issues to be addressed fall into six categories:

1. Bioeconomics of Energy Use
2. Wetland Valuation and Economic Linkages
3. Economic Management of Fisheries
4. Human Dimensions of Wildlife Habitat Conservation
5. Economics of Forest Management and Product Development
6. Socioeconomics of Land and Water Policy

2. Need

Because the State of Louisiana depends heavily on resource-based economies, efficient management of oil and gas, fisheries, and other industries are required to ensure substantial revenue for current and future generations. Prior to establishment of CNREP, there was no organized effort that could be accessed by local, state or federal agencies seeking economic analyses necessary for environmental and resource management. Events such as the recent hurricanes highlight the need for a reliable means of determining the value of natural resources and their related revenues to the State.

Perhaps the best indication of the need for a coordinated research and assessment unit was provided by a nationwide panel of social scientists who conducted a review of the LSU Department of Agricultural Economics & Agribusiness in November of 2004 as part of the United States Department of Agriculture's (USDA) periodic evaluation of research departments in land-grant institutions. Peer reviewers on the panel were from Pennsylvania State University, University of Georgia, Clemson University, University of Illinois at Urbana-Champaign, Texas A&M, and the USDA Cooperative State Research, Education, and Extension Service (CSREES) arm of USDA. In their February 2005 report, this panel was highly supportive of CNREP and made specific recommendations for increasing its financial support and human capacity:

There is an increasing demand from external clientele for research using economics to address a growing number of natural resource and environmental issues in Louisiana. The creation of the Center for Natural Resource Economics & Policy (CNREP) is a step in the right direction towards meeting the growing needs for research and extension in this area. CNREP enables faculty from various disciplines on campus to come together and address common problems and concerns on resource and environmental issues.

3. Faculty

While the majority of faculty in CNREP are from the Department of Agricultural Economics & Agribusiness at LSU A & M, affiliated faculty represent the Schools of the Coast & Environment and Renewable Natural Resources at LSU, the Louisiana Department of Wildlife & fisheries and the Sea Grant Legal Program. Areas of expertise are listed below.

- Wetland and Coastal Resources
- Forestry Economics
- Coastal and Marine Resource Economics
- Natural Resource Economics
- Fisheries Economics
- Human Dimensions of Natural Resources
- Development and Resource Economics
- Forest Products Marketing
- Farm Management and Production Economics

Faculty involvement in CNREP is voluntary and dependent on relevant expertise as well as interest in various on-going and proposed projects. The USDA Review Committee praised CNRP faculty for their productivity:

CNREP faculty are successfully collaborating with other universities and state and federal agencies (to) conduct research by applying economics to resource problems. They are to be commended, as they have been successful in securing grants at the state and federal level. The amount of extramural funding in (CNREP) relative to other subject areas in the Department is substantially large.

The USDA Review Committee also, however, suggested further faculty refinements:

To effectively meet the potential opportunities for research and extension available in this area the Department should...provide (more) flexible incentives for CNREP faculty to seek external grants and undertake scholarly research and extension activities...and consider adding at least one additional FTE in this area...

4. Administrative Structure

CNREP, a “center-without-walls,” has been established within the Department of Agricultural Economics and Agribusiness. It is governed by an Executive Committee, composed of a Director, a Deputy Director and a Secretary-Treasurer and a Board of Directors which reports to the Head of the Department. The Director and one other member of the Executive Committee will be LSU faculty.

The CNRP’s Board of Directors will consist of the CNREP Director and four members, one of whom shall be designated as Chairman. The Chairman and two additional members of the Board must be LSU faculty. Members of the Executive Committee and Board of Directors will be elected at the Annual Meeting in alternate years for two-year terms. Consecutive terms are permissible but require a two-thirds majority vote.

5. Budget

While CNREP maintains an LSU Foundation Account and an AgCenter Agency Account for the purpose of small-scale operational expenditures, no ongoing institutional funding exists for facilities or equipment beyond the support provided to individual faculty and non-faculty personnel by their respective units. CNREP has and intends to continue to operate as a research cooperative. This flexible structure has allowed members to successfully pursue sponsored funding for CNREP programs and projects.

Since conditional approval was granted for the Center, approximately \$1.7 million in competitive awards have been granted to Center faculty, with an additional \$2.9 million pending, as indicated in the table which follows.

CURRENT REVENUE

| <u>Current Federal Grants/Contracts Revenue for CNREP (2005-2009)</u> | <u>Total</u> | <u>Yrs</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|---|--------------------|------------|------------------|------------------|------------------|-----------------|---------------|
| National Sea Grant College Program | \$434,685 | 5 | \$86,937 | \$86,937 | \$86,937 | \$86,937 | \$86,937 |
| National Science Foundation (CNREP portion \$1.6 million) | 300,000 | 3 | 100,000 | 100,000 | 100,000 | | |
| U.S. Environmental Protection Agency | 287,739 | 2 | 143,870 | 143,870 | | | |
| USDA Sustainable Agriculture Research and Extension | 113,398 | 2 | 56,699 | 56,699 | | | |
| National Oceanic and Atmospheric Admin. | 63,334 | 2 | 31,667 | 31,667 | | | |
| Gulf and Atlantic Fisheries Foundation | 44,879 | 1 | 44,879 | | | | |
| U.S. Army Corps of Engineers | 18,000 | 1 | 18,000 | | | | |
| U.S. Department of Agriculture | 151,702 | 1 | 151,702 | | | | |
| Subtotal - Current Federal Revenue | \$1,413,737 | | \$633,754 | \$419,173 | \$186,937 | \$86,937 | 86,937 |
| <u>Current State Grants/Contracts Revenue for CNREP (2005-2009)</u> | <u>Total</u> | <u>Yrs</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
| Louisiana Department of Environmental Quality | 169,400 | 2 | 84,700 | 84,700 | | | |
| Louisiana Sea Grant College Program | 109,919 | 2 | 54,960 | 54,960 | | | |
| Coastal Restoration & Enhancement through Science & Technology | 48,998 | 2 | 24,499 | 24,499 | | | |
| Subtotal - Current State Revenue | \$328,317 | | \$164,159 | \$164,159 | \$0 | \$0 | \$0 |
| Total Current Federal/State Revenue (2005-2009) | \$1,742,054 | | | | | | |

ESTIMATED ADDITIONAL REVENUE

| <u>Pending Federal Grants/Contracts Revenue for CNREP (2005-2009)</u> | <u>Total</u> | <u>Yrs</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|---|--------------------|------------|-------------|-------------|-------------|-------------|-------------|
| National Research Institute | \$1,572,381 | 3 | pending | pending | pending | | |
| USDA - Sustainable Agriculture Research and Extension | 499,583 | 3 | pending | pending | pending | | |
| World Bank | 650,000 | 2 | pending | pending | | | |
| Subtotal - Pending Federal Revenue | \$2,721,964 | | | | | | |
| <u>Pending State Grants/Contracts Revenue for CNREP (2005-2009)</u> | | | | | | | |
| Louisiana Department of Natural Resources | 100,000 | 2 | pending | pending | | | |
| La Governor's Office of Coastal Activities | 40,000 | 1 | pending | | | | |
| La Sea Grant College Program | 32,376 | 1 | pending | | | | |
| Subtotal - Pending State Revenue | \$172,376 | | | | | | |

| ESTIMATED COSTS | | | | | | | |
|---|---------------|-------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Faculty and Staff Funding for CNREP (2005-2009) | Number | FTE* | 2005 | 2006 | 2007 | 2008 | 2009 |
| LSU Agricultural Center | | | | | | | |
| Director | 1 | 10% | 8,979 | 8,979 | 8,979 | 8,979 | 8,979 |
| Deputy Director | 1 | 10% | 7,995 | 7,995 | 7,995 | 7,995 | 7,995 |
| Louisiana Sea Grant College Program | | | | | | | |
| Research Assistant Professor | 1 | 50% | 36,900 | 36,900 | 36,900 | 36,900 | 36,900 |
| Graduate Research Assistanships | 2 | 100% | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 |
| Total Faculty and Staff Funding for CNREP (2005-2009) | | | \$81,874 | \$81,874 | \$81,874 | \$81,874 | \$81,874 |
| <i>* Base salary plus 23% fringe for faculty positions only</i> | | | | | | | |

STAFF SUMMARY

The Master Plan for Public Postsecondary Education: 2001 lists one of the roles of the LSU AgCenter as “facilitating the wise use of natural resources and protection of the environment.” Consequently, the proposed Center for Natural Resource Economics and Policy is appropriate to the role, scope and mission of the LSU AgCenter. Goals and objectives focus on producing benefits to the state and nation. CNREP administrative structure and reporting lines are appropriate. Adequate funding for projected expenses has been secured for the period for which approval is requested.

STAFF RECOMMENDATION

The staff recommends that the Academic and Student Affairs Committee grant full approval for the Center for Natural Resource Economics and Policy at the Louisiana State University Agricultural Center for a period of five years from this date.